

May 28, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

**STATEMENT OF PREPARATION OF AN AMENDMENT TO THE REDEVELOPMENT
PLAN FOR PROJECT NO. 2 – CITY OF HAWTHORNE**

Consistent with Board policy and direction, we are advising your Board that the City of Hawthorne has sent us a Statement of Preparation of an Amendment to the Redevelopment Plan for the City of Hawthorne Redevelopment Project No. 2. The Statement of Preparation includes the following information:

- The proposed Amendment involves the addition of one approximately 50-acre parcel to the existing Project No. 2 Redevelopment Project Area. The parcel is located on the Southeast corner of El Segundo Boulevard and Aviation Boulevard in the City of El Segundo.

A map from the Agency's notice is attached. Further information will be available in the Agency's Preliminary Report. The Preliminary Report will include the Agency's analysis of blight, assessment of proposed financing, amount of tax increment anticipated from the proposed project, and a description of the redevelopment projects planned by the Agency. Upon receipt of this document from the Agency, we will send your Board another report, including a financial analysis and a determination of whether the proposed Project is generally consistent with Community Redevelopment Law.

Your Board should also know that this project area is currently being annexed by the City of Hawthorne from the City of El Segundo. This area, plus property targeted to remain in the City of El Segundo is currently occupied by the Los Angeles Air Force Base (LAAFB) – Space and Missile Systems Center. There is a current effort to modernize the aging and inadequate LAAFB structures to hopefully avoid inclusion in the next round of base closures by the Base Realignment and Closure Commission.

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The developer selected by the Air Force in this effort will acquire from the LAAFB the property being annexed by Hawthorne and proposed for inclusion in their redevelopment project (as well as some other areas) in exchange for building a modern and consolidated base on the LAAFB property remaining in El Segundo. The developer has identified a funding gap of approximately \$25-\$30 million in this effort. In view of the significant economic benefits the base provides to the regional economy, proposals are being developed to address this gap, including commitment of local government shares of tax increment in the redevelopment project area that would otherwise accrue to the City and Redevelopment Agency of Hawthorne and the County.

We will keep your Board advised as these efforts progress and make recommendations accordingly. My staff is currently examining the fiscal projections and assumptions, and will also closely review blight findings as discussed above upon release of the Preliminary Report.

If you have any questions regarding this information, please call me, or your staff may call Jerry Ramirez or Bob Moran of my office at (213) 974-4282 or (213) 974-1130, respectively.

DEJ:LS
MKZ:JR:nl

Attachment

c: Auditor-Controller
County Counsel